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Maureen Keenan  
Director - FCC Relations

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OCT 18 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

October 18, 1994

**EX PARTE**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

**RE: CC Docket No. 94-1**

Today, Mike O'Brien, Bell Atlantic-External Affairs, and I met with Dan Grosh and Alex Belifante of the Tariff Division of the Common Carrier Bureau, to discuss the attached, as in pertains to the aforementioned proceeding.

Please include this letter and the attachments into this record as appropriate.

Sincerely,

*Maureen Keenan*

**Attachments**

CC: D. Grosh  
A. Belifante

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OCT 18 1994

BELL ATLANTIC  
PRICE CAP REFORM  
CC DOCKET 94-1  
October 18, 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Interexchange Basket**

- ° Interexchange Services that are competitive should be removed from price regulation today
  - Interstate InterLATA
  - Interstate IntraLATA
  - Operator and Directory Assistance for Interstate InterLATA and IntraLATA
  - These competitive services represent 95% of the IX basket
- ° Rational for Removal from Price Regulation
  - Competitors are not subject to earnings monitoring
  - Commission has recognized that these services are the same as offered by AT&T, MCI, Sprint, and other interexchange carriers
  - Marketplace has already established a price ceiling (API is below the PCI)
- ° Interstate InterLATA Services (Corridor)
  - Nondominant carrier for these services
  - Prices are below AT&T
  - Customers currently bypass Bell Atlantic for Corridor and IntraLATA services
  - Represents 41% of Bell Atlantic's IX basket
- ° Interstate IntraLATA Services
  - All customers have the option of using AT&T, MCI, Sprint or one of more than 40 other IXC competitors
  - Business customers use
    - Dedicated Special Access Services
    - PBXs programmed to dial automatically an IXC
  - Residential customers and small businesses use
    - Automatic Dialers
    - Speed Calling
  - Toll Plans
  - Represents 48% of Bell Atlantic's IX basket
- ° Bell Atlantic is unique in the amount of IX competition it faces today
  - Bell Atlantic's IX basket revenues are more than 35% of the total Price Cap LECs IX basket revenues

**Other Considerations**

- ° Other Competitive Data

WALL STREET JOURNAL

AUGUST 10, 1994

## Cable Operators Plan Big Outlay For Phone Gear

By MARK ROSENTHAL

Staff Reporter of THE WALL STREET JOURNAL

NEW YORK — Six major cable-television operators said they are prepared to invest more than \$2 billion for hardware and software to provide telephone service over cable lines.

The move is the clearest sign yet that the cable industry plans to spend large sums of money to invade the telephone companies' turf.

The six cable companies — Tele-Communications Inc., Comcast Corp., Cox Cable Communications (a division of Cox Enterprises Inc.), Time Warner Inc., Viacom Inc. and Continental Cablevision Inc. — signaled their intentions in a request for proposals to build equipment which will allow them to send, receive and switch telephone signals between cable systems. The request was sent out to more than 100 equipment vendors by Cable Television Laboratories Inc., a research and development consortium of cable companies representing 85% of the industry.

The cable companies said they will spend the \$2 billion over time and noted that the number of cable operators participating in their group could grow.

But despite the enthusiasm and ambitious promises made at a news conference here, it will be several years before the cable industry can provide broad telephone service to customers. For starters, 46 states don't even allow competition in local phone service, although Congress is now considering a bill to loosen such competitive restrictions.

Moreover, much of the technology needed to sort and send telephone signals over cable hasn't been designed yet. The CableLabs request is intended to identify what types of hardware and software will be needed to manage telephone traffic, as well as vast amounts of digital data for TV and computer services.

Industry executives presented the plan at a news conference here yesterday. "When the wire comes into the home, it will split — telephone, TV set and computer," said Brian Roberts, president of Comcast. "We're looking at several new sources of revenue here."

"The question is 'How do we engineer our facilities to handle the traffic load?'" added John Malone, chief executive officer of Tele-Communications. Mr. Malone stressed that the request to vendors would ensure that the systems are compatible.

Cable companies are betting big that they can gain incremental revenue from telephony, largely because their coaxial cable into homes has far more capacity than the twisted copper lines of telephone companies. Many cable companies are testing telephone service in trials, and in places such as New York, state regulators have allowed Time Warner to offer local telephone service in Rochester. Overseas, cable operators such as Comcast are signing up telephone customers in U.K. markets at a rate of 25% of homes offered the service.

For now, cable operators aren't certain what configuration telephone service will take. Some companies are betting on wireless services such as so-called personal communications services, while others plan to offer telephone service over upgraded cable systems. Earlier this month, Time Warner ordered more than \$200 million of equipment and services from AT&T Corp. to upgrade its cable systems in 25 cities to carry telephone service.

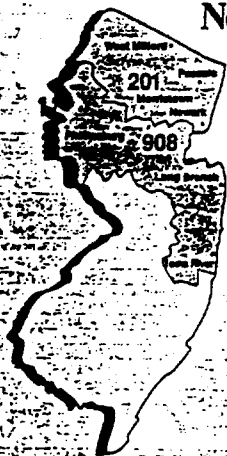
THE RECORD  
Publication HACKENSACK  
Town  
Date JULY 2, 1994

☐ Editorial ☐ 1st Page Article Page 1 Of 1

# 10-ATT

## Dial it and save.

Now when calling from home you can save 10% on toll calls within the highlighted area on the map.\*



Check your phone bill. You'll probably be surprised at how much your local phone company is charging for itemized toll calls within the 201 and 908 area. Fortunately you have another choice that can save you 10%. Just dial 10-ATT first before you make a toll call from home to places anywhere within the 201 and 908 area.

**On toll calls within your area code dial 10-ATT + the number.**

**On toll calls between 908 and 201 dial 10-ATT + 1 + the area code + the number.**

There's no need to sign up and no monthly fee. 10% savings anytime of day.

If you have any questions give us a call at 1 800-290-9810, ext. 49020.

AT&T is bringing quality and savings even closer to home.

AT&T. Your True Voice.™



\*Savings vs. Bell Atlantic and United Telephone basic rates.

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THIS AD ALSO APPEARED IN THE STAR-LEDGER ON JULY 2nd AND JULY 5th.  
IT ALSO APPEARED IN THE JULY 5th EDITIONS OF THE JERSEY JOURNAL AND  
THE HACKENSACK RECORD.

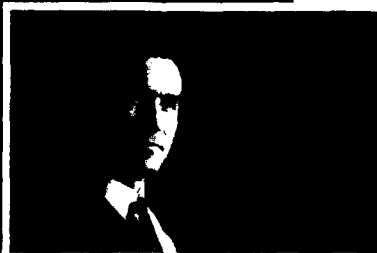
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1993 ANNUAL REPORT







**KEITH BURGE**  
President  
One-Opac Technologies, Inc.



**BILL RICH**  
Vice President, Marketing,  
Telecom Services

*Huge market opportunities are driving both our Telecom Services and Satellite Services lines of business. This includes an \$88.4 billion local exchange market that is opening to increased competition and a \$1.6 billion market for fixed satellite telecommunications services.*

## MARKET OPPORTUNITY

### BUILDING THE INFORMATION SUPERHIGHWAY

We are witnessing a revolution that will forever change how we live, work and play – the creation of an "Information Superhighway" that represents the convergence of the telephone, computer and television.

The information superhighway is being called a \$3.5 trillion global multimedia market within 10 years.

It's being called as revolutionary as the invention of printing in the 15th century, which created the knowledge base for the Industrial Age.

The information superhighway is based on a new economic paradigm for the 21st century: that *information*, along with capital and labor, is the new basis for growth and competitiveness in our global interlinked economy.

Regardless of the exciting predictions for tomorrow, the potential for our business is based on defined market opportunities today. Put simply, the basis of our opportunity is increasing competition in the local telephone exchange – complementary systems

integration services growth and increasing globalization of communications.

The local telephone exchange market in the U.S. represents an \$88.4 billion opportunity, about one-and-a-half times the size of the long-distance market according to 1992 Federal Communications Commission figures (see chart). This monopoly market of the Regional Bell Operating Companies and GTE is now being opened to competition by regulators and market demand.

In particular, CAP industry revenues are expected to grow from approximately \$200 million in 1993 to more than \$1.5 billion in 1997, according to industry projections.

Systems integration services provided by CAPs grew 52% in 1993 over the previous year to approximately \$100 million, with 20% annual growth projected over the next several years, according to industry reports.

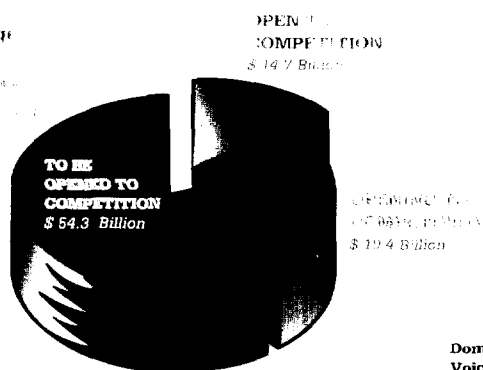
And the U.S. market for fixed satellite telecommunications services is approximately \$1.6 billion, including \$782 million for domestic video services, \$58 million for domestic voice and data services, \$218 for international video services, and \$542 million for international voice and data services (1993 figures, see chart). Mobile satellite telecommunications services represent another \$245 million market opportunity (1993 figures).

Over the next 10 years, some industry observers predict that emerging competition from companies such as IntelCom will capture up to 35% of the local exchange market, repeating the historical example of the long-distance market once dominated by AT&T.

IntelCom Group is actively exploiting these – and other – market opportunities through its Telecom Services and Satellite Services lines of business.

**Local Exchange Market**  
Source: Federal Communications Commission, 1992

Local Exchange Market  
\$88.4 Billion



**Fixed Satellite Market**  
Source: Federal Communications Commission, 1993

Fixed Satellite Market  
\$1.6 Billion

